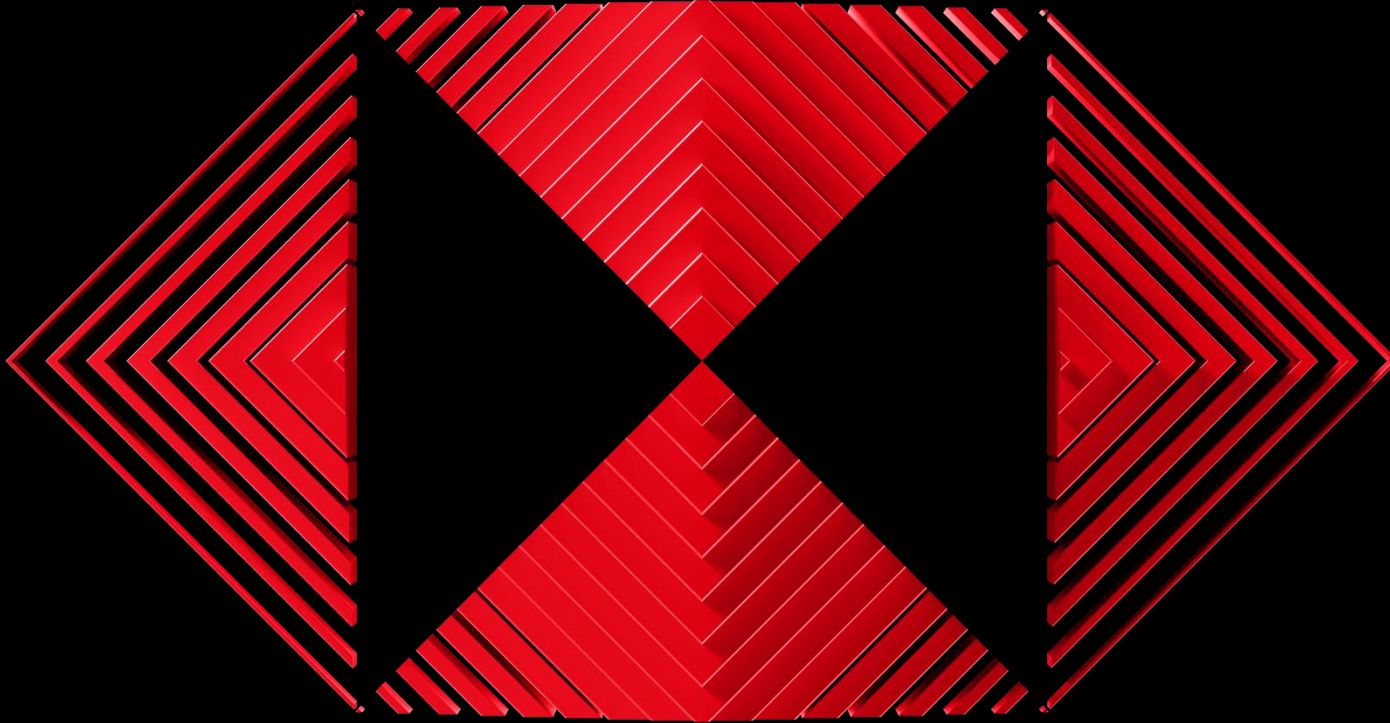


# HSBC UK Useful Guide



Interest only - Residential



HSBC

| Opening up a world of opportunity



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## Why choose HSBC UK?

- ♦ Maximum overall 85% LTV for Part and Part cases – subject to policy / lending limits
- ♦ Maximum Interest only element 75% LTV (Purchase and Remortgage applications) - subject to policy / lending limits
- ♦ Maximum Interest only element 60% LTV (Additional borrowing applications)
- ♦ Mix of repayment plans accepted
- ♦ No minimum value of equity required (subject to maximum permitted LTV)
- ♦ All Interest only applications are assessed for affordability on a Capital repayment basis.



## Criteria

- ♦ Minimum sole income - £75,000 (for joint applications, one applicant must meet the sole minimum income criteria. Minimum income excludes bonus, commission, overtime and rental income). Please refer to eligible income section below
- ♦ Term – minimum 5 years, maximum 25 years (the Capital repayment element can be taken up to a maximum of 40 years)
- ♦ Maximum age, subject to lending into retirement requirements:
  - ♦ Interest only - the day prior to the 70th birthday or anticipated retirement age (whichever is sooner)
  - ♦ Capital repayment element can now be taken up to the applicant's 80<sup>th</sup> birthday.





## Eligible income sources

- ♦ Employed income – basic and fixed allowances (excluding bonus, commission, overtime and rental income)
- ♦ Self-employed income – Net profit and Director's salary for Limited Companies
- ♦ Pension
- ♦ Benefit income
- ♦ Investment / trust
- ♦ Maintenance
- ♦ Rental income – eligible to support affordability only.



## LTV limits

Purchase and Remortgage applications:

Loan amount	Capital Repayment	Interest Only	Part & Part Top Up
Up to £570,000	95%	75%	N/A
£570,000 to £750,000	90%	75%	10%
£750,000 to £2million	85%	75%	10%
£750,000 to £1million (Flats / Maisonettes)	85%	75%	10%
£1million to £2million (Flats / Maisonettes)	75%	75%	N/A
£2million to £3million	75%	65%	10%
Over £3million	70%	50%	20%

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**Additional borrowing (including Unencumbered properties and existing mortgage customers borrowing more):**

Please note: The amount of Additional borrowing that exceeds the Interest only limit will be dependent on the purpose of the additional requested funds. Please see our standard lending limits by clicking [here](#).

Loan amount	Part & Part (any element of Interest Only borrowing)	Interest Only
Up to £570,000	N/A	N/A
£570,000 to £750,000	85%	60%
£750,000 to £1million	85%	60%
£1million to £2million	85%	60%
£1million to £2million (Flats / Maisonettes)	75%	60%
£2million to £3million	75%	60%
Over £3million	70%	50%



## Repayment plans

Acceptable repayment plans	We are unable to accept the following as a suitable repayment plan
<ul style="list-style-type: none"> <li>♦ Ad-hoc capital (repayment plan is capped at 50% LTV)</li> <li>♦ Savings</li> <li>♦ Endowments</li> <li>♦ Stocks &amp; Shares ISA</li> <li>♦ Investments</li> <li>♦ Funds can be held in the UK or overseas (subject to criteria)</li> <li>♦ Sale of other UK property</li> </ul>	<ul style="list-style-type: none"> <li>♦ Sale of current or planned main residence at end of term</li> <li>♦ Sale of mortgaged property (for Residential applications)</li> <li>♦ Sale of commercial or overseas property</li> <li>♦ Lump sum from a personal or occupational pension scheme</li> <li>♦ Funds held in businesses</li> </ul>



## Ad-hoc repayment plan

How to calculate the ad-hoc repayment amount for Interest only borrowing:

Requested loan amount (including fee, if added) divided by requested term (in months) = monthly ad-hoc amount required to fund repayment plan.

Example - £300,000 over 25 years =  $\text{£}300,000 / 300 (25 \times 12) = \text{£}1,000$  per month required.

Note: Ensure any fees being added to the loan amount are included in the calculation.

Example - £300,999 over 25 years =  $\text{£}300,999 / 300 (25 \times 12) = \text{£}1,004$  per month required.



- ♦ Affordability calculator:  
Keyed as 'Payment to fund repayment strategy for Interest only mortgage'.

Payment to fund repayment strategy for Interest Only mortgage ?

£

- ♦ Application:  
Keyed as 'Payment to fund repayment strategy for Interest only mortgage' under household expenditure.

## | Monthly costs

Payment to fund repayment strategy for interest only mortgage

£

Please note: This information is captured as part of the application only; affordability will be assessed on a Capital repayment basis excluding this figure.



### Further information

[Chat with us](#), call our Broker Support Team on 0345 600 5847 (Monday to Friday 9am to 5pm) or contact your local [BDM](#).